



**UNITED STATES POSTAL SERVICE
OFFICE OF INSPECTOR GENERAL**
SPECIAL INQUIRIES DIVISION
1735 NORTH LYNN STREET
ARLINGTON, VA 22209-2020

December 7, 2020

MEMORANDUM FOR: ROBERT M. DUNCAN
CHAIRMAN, BOARD OF GOVERNORS

(b)(6); (b)(7)(C)

FROM:

Gregory C. Huska
Executive Special Agent in Charge, Special Inquiries Division

SUBJECT:

Report of Investigation – Postmaster General Louis DeJoy

Attached is a Report of Investigation regarding Postmaster General Louis DeJoy. This report is submitted to you for informational purposes only.

If you have any questions regarding this matter, please contact me at (b)(6); (b)(7)(C)

Attachment: Report of Investigation (with Exhibits)



**UNITED STATES POSTAL SERVICE
OFFICE OF INSPECTOR GENERAL**

CASE #: 20INV02842

CROSS REFERENCE #: 20ALL37616

**TITLE: DEJOY, LOUIS – POSTMASTER GENERAL- WASHINGTON, DC 20260
(CONGRESSIONAL REQUEST)**

CASE AGENT (if different from prepared by):

REPORT OF INVESTIGATION

PERIOD COVERED: FROM AUGUST 17, 2020 TO NOVEMBER 19, 2020

STATUS OF CASE: Referred to Board of Governors - Information Only

JOINT AGENCIES: N/A

DISTRIBUTION:

Robert Duncan
Chairman, U.S. Postal Service Board of Governors

PREPARED BY: SA (b)(6), (b)(7)(C)	DATE: 12/07/2020
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I. PREDICATION

The United States Postal Service, Office of Inspector General (OIG), received a Congressional request dated August 7, 2020, regarding Postmaster General Louis DeJoy (DeJoy). Members of Congress requested the OIG examine, in part, DeJoy's compliance with ethics requirements. Specifically, the letter asked, "[c]onsidering that 'DeJoy and his wife, ... who is [President Trump's] nominee to be the U.S. Ambassador to Canada, own \$30.1 million to \$75.3 million in assets in Postal Service competitors or contractors, like UPS and the trucking company J.B. Hunt,' has DeJoy met all ethics requirements regarding disclosure, divestment, and recusal from decisions in which he may have a conflict?" (Exhibit 1).

II. SYNOPSIS

The investigation revealed DeJoy met all applicable ethics requirements related to disclosure, recusal, and divestment upon entering the position of Postmaster General. The Special Inquiries Division (SID) reviewed documentation obtained from the Postal Service, the Office of Government Ethics (OGE), and DeJoy's investment firms. SID additionally conducted interviews with Postal Service ethics officials, other Postal Service employees, and with staff from DeJoy's investment firms. SID also analyzed federal ethics regulations in consultation with the OIG's Office of General Counsel.

DeJoy became the Postmaster General on June 15, 2020. The investigation found that DeJoy filed his new-entrant OGE Form 278e, Executive Branch Personnel Public Financial Disclosure Report, the same day he assumed office, thereby meeting the requirement outlined within federal ethics regulations. The investigation found that DeJoy consulted with postal ethics staff and others to properly disclose his financial holdings as required per federal ethics regulations.

According to regulations, Postal Service ethics officials had from June 15, 2020, until August 14, 2020 (60 days), to review and transmit DeJoy's 278e report to OGE.

On June 24, 2020, nine days after assuming the Postmaster General position, DeJoy sold his existing Amazon stock, and also exercised a call option¹ to purchase and immediately sell his Amazon stock options. That same day, DeJoy sold his United

¹ See <https://www.investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-bulletins-63>. *Securities and Exchange Commission guidance explains, "A call option is a contract that gives the buyer the right to buy shares of an underlying stock at the strike price [the price at which the buyer of the option contract may buy the underlying stock, if the option contract is a call] for a specified period of time."*

Parcel Service (UPS) holdings, in two transactions. The OIG confirmed that as of June 27, 2020, DeJoy no longer held Amazon or UPS stock. On July 21, 2020, DeJoy filed an OGE 278-T, Executive Branch Personnel Public Financial Disclosure Report: Periodic Transaction Report reporting these transactions.

The Postal Service Ethics Office (Ethics) identified specific holdings in 16 companies within various investment accounts that could create potential conflicts of interest for DeJoy, including XPO Logistics Inc., Amazon, and UPS. DeJoy independently sold his Amazon and UPS holdings, leaving 14 company holdings (including XPO Logistics) with potential conflicts. Ethics identified potential remedies for these holdings including a qualified trust, recusal, or divestiture. Ultimately, Ethics recommended divestiture for the remaining company holdings.

On July 21, 2020, and August 3, 2020, DeJoy provided written memoranda to the Board of Governors (the Board) and Ethics recusing himself from participating in matters involving the remaining 14 company holdings² identified by Ethics. In the memoranda, DeJoy also instituted a screening process to avoid participating directly or indirectly in any matters involving those identified holdings. DeJoy took these preventative measures within the three-month period required by federal ethics regulations.

After DeJoy sold his Amazon and UPS holdings, and recused himself from remaining conflicts, the Postal Service's designated agency ethics official (DAEO) prepared a Request for Certificate of Divestiture. The Request applied to the 14 holdings, including XPO Logistics, previously identified by Ethics. A Certificate of Divestiture defers capital gains tax liability for divestments that an individual must make to comply with the ethics rules. Filers may waive this benefit. The DAEO's request included a signed memorandum from DeJoy, stating he would divest the identified holdings within 60 days of receiving the Certificate of Divestiture. Ethics submitted DeJoy's request to OGE on August 14, 2020, within the three-month window allowed by ethics regulations.

In addition to his recusal and divestiture application to OGE, DeJoy directed the investment firms managing his and his spouse's personal assets not to purchase specific stocks, or make investments in certain sectors, on their behalf which could create a future conflict of interest.

² Including XPO Logistics Inc., AT&T Inc., Capital One Financial Corp, CVS Health Corp, Discover Financial Services, Dominion Energy Inc., Honeywell International Inc., IBM, JPMorgan Chase, Lockheed Martin, Regions Financial, Travelers Companies, United Health Group, and Verizon Communications. Though not originally identified as problematic, JPMorgan Chase was subsequently included in the recusal and divestment lists by the Ethics staff.

The investigation found that Ethics sought guidance from the OGE during the conflict resolution process and addressed concerns raised by the OGE involving DeJoy's reported holdings. The OGE issued Certificates of Divestiture for DeJoy on October 9, 2020, for his XPO Logistics holdings, and October 14, 2020, for his other identified investments.

The investigation subsequently identified that the Louis DeJoy and Aldona Wos Family Foundation (Family Foundation) held accounts with investment firms that were not included on his OGE 278e. The Family Foundation accounts did not need to be reported initially per guidance DeJoy received from Ethics, which was based on their understanding of the assets held at that time. The investigation identified one "non-discretionary"³ account, made up primarily of XPO Logistics holdings, that presented a potential conflict for DeJoy and required further analysis by Ethics. SID informed Ethics of the potential conflict and they reviewed the assets from the Family Foundation's brokerage accounts. Ethics determined the Family Foundation holdings presented no new conflicts. However, Ethics acknowledged the non-discretionary account status for the one account was a potential conflict for DeJoy and recommended the status should be changed to discretionary. To resolve the potential conflict, Ethics has advised DeJoy that the Family Foundation must hire a financial manager to manage all of its financial investments and change its brokerage accounts to be discretionary. Because the Family Foundation's financial manager would control the investment decisions for the organization, DeJoy would have no investment control in the Family Foundation accounts. Postal ethics officials, in consultation with OGE, determined that once these changes are made, DeJoy would not need to amend his OGE 278e report to include the Family Foundation's financial interests because neither DeJoy nor his spouse were beneficiaries of the organization.

In summary, the investigation determined that DeJoy followed guidance from Ethics to comply with the financial disclosure rules. The OIG found DeJoy provided notifications of recusal, set up screening arrangements, and requested divestiture of those assets and holdings most likely to cause a conflict for him while serving as the Postmaster General.

The scope of this investigation was based on the available information disclosed to the OIG by DeJoy, postal ethics officials, postal employees, and staff from DeJoy's

³ [https://efinancemanagement.com/investment-decisions/discretionary-and-non-discretionary-pm#:~:text=Under%20Non%2Ddiscretionary%20portfolio%20management,call%20is%20of%20the%20client.\(Discretionary and Non-discretionary portfolio management are two portfolio management styles. Discretionary portfolio management does not involve the client actively and the investment manager takes all the decision on his behalf. Whereas a non-discretionary investment account involves the client at every step of portfolio management.\)](https://efinancemanagement.com/investment-decisions/discretionary-and-non-discretionary-pm#:~:text=Under%20Non%2Ddiscretionary%20portfolio%20management,call%20is%20of%20the%20client.(Discretionary%20and%20Non-discretionary%20portfolio%20management%20are%20two%20portfolio%20management%20styles.%20Discretionary%20portfolio%20management%20does%20not%20involve%20the%20client%20actively%20and%20the%20investment%20manager%20takes%20all%20the%20decision%20on%20his%20behalf.%20Whereas%20a%20non-discretionary%20investment%20account%20involves%20the%20client%20at%20every%20step%20of%20portfolio%20management.))

investment firms. Ethics advised that conflict analysis was an ongoing process. The Postal Service's DAEO advised the OIG that she will address any future conflicts that arise, identify any necessary remedial actions, and ensure the Postmaster General complies with requests to remedy those conflicts.

This report is being referred to the Board as information only.

III. BACKGROUND/SUBJECT IDENTIFICATION

Postmaster General Louis DeJoy

On May 6, 2020, the Board announced the unanimous selection of DeJoy to serve as the 75th Postmaster General and Chief Executive Officer (CEO) of the Postal Service.⁴ On June 15, 2020, DeJoy was appointed as the Postmaster General (Exhibit 2).

DeJoy was previously the Chairman and CEO of New Breed Logistics, Inc., which was a Postal Service contractor for more than 25 years and supplied the Postal Service with logistics support for multiple processing facilities. In 2014, New Breed merged with XPO Logistics, and DeJoy served as CEO of XPO Logistics' supply chain business in the Americas. DeJoy retired as the CEO from the company in December 2015 and joined the XPO Logistics board of directors, where he served until 2018.⁵

On February 11, 2020, President Donald J. Trump nominated DeJoy's spouse, Dr. Aldona Wos, to be the U.S. Ambassador to Canada.⁶ Dr. Wos' nomination remains pending.⁷

Postal Service Ethics Office

The DAEO, while organizationally located under the General Counsel, reports directly to the Postmaster General on ethics matters and is assisted by the Alternate DAEO (ADAEO) who is a Senior Ethics Counsel.⁸ The postal ethics office is headed by the Associate General Counsel/Chief Ethics and Compliance Officer Natalie Bonanno, who serves as the DAEO. The ADAEO is Senior Ethics Counsel Jessica Brewster-Johnson.

⁴ See <https://about.usps.com/newsroom/national-releases/2020/0506-bog-announces-selection-of-louis-dejoy-to-serve-as-nations-75th-postmaster-general.htm>

⁵ See <https://about.usps.com/who/leadership/officers/pmg-ceo.htm>

⁶ See <https://www.whitehouse.gov/presidential-actions/president-donald-j-trump-announces-intent-nominate-appoint-individuals-key-administration-posts-29/>

⁷ See <https://www.congress.gov/nomination/116th-congress/1593>

⁸ See www.oge.gov Ethics Program Review-United States Postal Service, Report No.15-57, September 2015 (page 3)

5 C.F.R. § 2634 - Executive Branch Financial Disclosure, Qualified Trusts, and Certificates of Divestiture Regulations

The Code of Federal Regulations (CFR) requires that certain government officials publicly disclose personal financial interests to, among other reasons, prevent conflicts of interest and ensure confidence in the integrity of the federal government.⁹ The OGE is the responsible government entity for both the public and confidential financial disclosure systems for the executive branch.¹⁰ Senior government officials in the executive, legislative, and judicial branches are designated in the CFR as “public filers” for financial disclosure purposes. The CFR identifies the Postmaster General as a public filer.¹¹

A new entrant must complete a public financial disclosure report within 30 days of assuming a position or office as a public filer.¹² After the filer submits the public financial disclosure report there is a review and certification process. The review phase ensures that the form is filled out correctly from a technical standpoint and identifies any potential conflicts of interest. The regulatory framework presumes public financial disclosures are complete and accurate representations by the filer. The Postal Service’s DAEO normally serves as the reviewing official for a public filer’s report and must review and certify the report within 60 days after filing. If the DAEO identifies conflicts of interest, the DAEO may prescribe an appropriate remedy (such as recusal, divestiture, or other means) which must be completed no later than three months after the date the filer received notice that a remedy is required. The OGE regulations require that once approved by the DAEO, the Postmaster General’s report must promptly be sent to the Director of OGE, who has a 60-day period to complete the public financial disclosure certification process and determine whether the public filer is free from actual or perceived violations of the ethics rules.¹³ Additionally, and as needed, a public filer must also file a transaction report within 30 days of receiving notification of certain transactions, but no later than 45 days after the transaction.¹⁴

Certificate of Divestiture

The regulations state whenever an agency directs divestiture of a financial interest, the employee shall be given a reasonable period of time within which to comply with the

⁹ See 5 CFR § 2634.104

¹⁰ See <https://www2.oge.gov/web/oge.nsf/Financial%20Disclosure?openview>

¹¹ See 5 CFR § 2634.202(f)

¹² See 5 CFR § 2634.201(b)(1)

¹³ See 5 CFR § 2634.605

¹⁴ See 5 CFR § 2634.310(d)

agency's direction. Except for unusual circumstances, a reasonable period shall not exceed 90 days from the date the filer received notice of the necessity of divestiture.¹⁵ The rules allow an eligible person to defer paying capital gains tax on property sold to comply with conflict of interest requirements. To defer the tax payment, an eligible person must obtain a Certificate of Divestiture from the Director of the OGE before selling the property.¹⁶ The DAEO must forward the employee's written Request for the Certificate of Divestiture to OGE along with, among other things, an explanation of the need for a Certificate of Divestiture. OGE will then review the request and materials submitted by the employee and the DAEO. If OGE determines that all requirements have been met, the Director will issue a Certificate of Divestiture. The certificate will be sent to the DAEO who will then forward it to the employee.¹⁷ In order to qualify for deferral of capital gains, an eligible person must reinvest the proceeds from the sale of the property divested pursuant to a Certificate of Divestiture into permitted property during the 60-day period beginning on the date of the sale. The proceeds may be reinvested into one or more types of permitted property.¹⁸

5 C.F.R. § 2635 et seq. under 5 CFR § 7001-Standards of Ethical Conduct for Employees of the Executive Branch and Supplemental Standards of Ethical Conduct for Employees of the United States Postal Service

In accordance with 5 CFR 2635.105, the regulations in this part supplement the Standards of Ethical Conduct for Employees of the Executive Branch contained in 5 CFR part 2635, as applied to employees of the United States Postal Service (Postal Service). Postal Service employees are subject, in addition to the standards in 5 CFR part 2635 and this part, to the executive branch financial disclosure regulations contained in 5 CFR part 2634, and to any rules of conduct issued separately by the Postal Service, including but not limited to regulations contained in 39 CFR part 447, the Postal Service's Employee and Labor Relations Manual, and the Postal Service's Procurement Manual.

5 C.F.R. § 2635.101 - Basic obligation of public service.

...

(b) General principles. The following general principles apply to every employee and may form the basis for the standards contained in this part. Where a situation is not covered by the standards set forth in this part, employees shall apply the principles set forth in this section in determining whether their conduct is proper.

¹⁵ See 5 CFR § 2634.605(b)(6); 5 CFR § 2635.403(d)

¹⁶ See 5 CFR § 2634.1001(a)

¹⁷ See 5 CFR § 2634.1005

¹⁸ See 5 CFR § 2634.1006(a)

(1) Public service is a public trust, requiring employees to place loyalty to the Constitution, the laws and ethical principles above private gain.

(2) Employees shall not hold financial interests that conflict with the conscientious performance of duty.

...

(7) Employees shall not use public office for private gain.

(8) Employees shall act impartially and not give preferential treatment to any private organization or individual.

...

(14) Employees shall endeavor to avoid any actions creating the appearance that they are violating the law or the ethical standards set forth in this part. Whether particular circumstances create an appearance that the law or these standards have been violated shall be determined from the perspective of a reasonable person with knowledge of the relevant facts.

Conflict of Interest - Criminal Statute

18 U.S.C. § 208: Acts affecting a personal financial interest

The criminal conflict of interest law at 18 U.S.C. § 208 prohibits an executive branch employee from participating personally and substantially in a particular Government matter that will affect his own financial interests, as well as the financial interests of certain individuals with whom he has ties outside the Government.

5 C.F.R. § 2640 – Interpretation, exemptions and waiver guidance concerning 18 U.S.C. § 208 (Acts affecting a personal financial interest)

5 C.F.R. § 2640.202 – Exemptions for interests in securities

(a) *De minimis exemption for matters involving parties.* An employee may participate in any particular matter involving specific parties in which the disqualifying financial interest arises from the ownership by the employee, his spouse or minor children of securities issued by one or more entities affected by the matter, if: (1) The securities are publicly traded, or are long-term Federal Government, or are municipal securities; and (2) The aggregate market value of

the holdings of the employee, his spouse, and his minor children in the securities of all entities does not exceed \$15,000.

(b) *De minimis exemption for matters affecting nonparties.* An employee may participate in any particular matter involving specific parties in which the disqualifying financial interest arises from the ownership by the employee, his spouse, or minor children of securities issued by one or more entities that are not parties to the matter but that are affected by the matter, if: (1) The securities are publicly traded, or are long-term Federal Government or municipal securities; and (2) The aggregate market value of the holdings of the employee, his spouse and minor children in the securities of all affected entities (including securities exempted under paragraph (a) of this section) does not exceed \$25,000.

(c) *De minimis exemption for matters of general applicability.* (1) An employee may participate in any particular matter of general applicability, such as rulemaking, in which the disqualifying financial interest arises from the ownership by the employee, his spouse or minor children of securities issued by one or more entities affected by the matter, if: (i) The securities are publicly traded, or are municipal securities, the market value of which does not exceed: (A) \$25,000 in any one such entity; and (B) \$50,000 in all affected entities; or (ii) The securities are long-term Federal Government securities, the market value of which does not exceed \$50,000....

...

(e) *Exemption for interests of tax-exempt organizations.* An employee may participate in any particular matter in which the disqualifying financial interest arises from the ownership of publicly traded or municipal securities, or long-term Federal Government securities by an organization which is tax-exempt pursuant to 26 U.S.C. 501(c) (3) or (4), and of which the employee is an unpaid officer, director, or trustee, or an employee, if: (1) The matter affects only the organization's investments, not the organization directly; (2) The employee plays no role in making investment decisions for the organization, except for participating in the decision to invest in several different categories of investments such as stocks, bonds, or mutual funds; and (3) The organization's only relationship to the issuer, other than that which arises from routine commercial transactions, is that of investor.

(f) *Exemption for certain interests of general partners.* An employee may participate in any particular matter in which the disqualifying financial interest arises from: (1) The ownership of publicly traded securities, long-term Federal Government securities, or municipal securities by the employee's general

partner, provided: (i) Ownership of the securities is not related to the partnership between the employee and his general partner, and (ii) The value of the securities does not exceed \$200,000; or (2) Any interest of the employee's general partner if the employee's relationship to the general partner is as a limited partner in a partnership that has at least 100 limited partners.

IV. DETAILS

Request:

Congressional leaders requested the OIG examine whether DeJoy met all ethics requirements regarding disclosure, divestment, and recusal from decisions in which he may have a conflict as the Postmaster General.

Findings:

Financial Disclosure Reporting and Discussions

On April 24, 2020, Secretary to the Board Michael Elston emailed Bonanno a list of preliminary ethics questions that DeJoy had as a potential candidate for the Postmaster General position (Exhibit 3).

On April 30, 2020, Bonanno responded to DeJoy in a letter titled "Responses to Preliminary Ethics Questions." Bonanno wrote that the Postal Service had contracts with XPO Logistics and DeJoy did not have to divest his XPO Logistics stock. However, DeJoy would have to recuse himself from participation as a Postal Service employee regarding any matter that involved XPO Logistics. Regarding the Family Foundation, Bonanno advised that since it was a tax-exempt organization, DeJoy did not need to consider the Family Foundation's investment portfolio for financial conflict of interest purposes so long as DeJoy played no role in making investment decisions in the Family Foundation. Further, DeJoy would not need to disclose those investments on his OGE 278e because (b)(6); (b)(7)(C) of the Family Foundation. Regarding his rental properties, Bonanno said given that none of DeJoy's commercial and industrial properties were leased to the Postal Service, there were no concerns from an ethics perspective. If the Postal Service ever considered leasing a property that DeJoy owned, he would be required to recuse himself from participation as a Postal Service employee. 18 U.S.C. § 208(a). Bonanno advised DeJoy that he would have to disclose his ownership interest in residential, commercial, and industrial real estate (or the companies owning such real estate) on the annual OGE 278e report. 5 C.F.R. § 2634.301 (Exhibit 4-Attachment 1).

On June 5, 2020, Bonanno provided DeJoy with an ethics briefing. [Agent Note: On May 6, 2020, the Board announced the unanimous selection of DeJoy to serve as the 75th Postmaster General and CEO of the Postal Service.] (Exhibit 4-Attachment 2).

On June 15, 2020, DeJoy was appointed as the Postmaster General. The same day, DeJoy electronically signed an OGE 278e report. DeJoy listed various assets and holdings, including those for XPO Logistics, Amazon, UPS, on his report. On June 25, 2020, Brewster-Johnson reviewed the OGE 278e and on August 6, 2020, Bonanno certified it (Exhibit 4-Attachments 3 & 4).

On June 26, 2020, Brewster-Johnson emailed General Counsel and Executive Vice President Thomas Marshall and Elston (now serving as the Postmaster General's Acting Special Assistant), and copied Bonanno, regarding "Potential Conflicts of Interest." Brewster-Johnson advised on three potential remedies for a potential conflict of interest, including divestiture, a qualified trust, and recusal. Brewster-Johnson attached a list of DeJoy's assets and noted the entities that most likely would cause a conflict for him. XPO Logistics, Amazon, and UPS, along with other assets were noted on the listing. Brewster-Johnson recommended that DeJoy divest himself of the denoted assets, and purchase U.S. government obligations, diversified mutual funds, or diversified exchange-traded funds with the proceeds so he could qualify for a Certificate of Divestiture. However, if DeJoy preferred to not divest of XPO Logistics or any other denoted assets, then Brewster-Johnson said they recommended he sign a formal recusal memorandum and reassign all matters involving XPO Logistics to another senior manager (Exhibit 4-Attachment 5).

On July 21, 2020, DeJoy electronically signed an OGE Form 278-T report. On July 21, 2020, Brewster-Johnson reviewed the form and on August 6, 2020, Bonanno certified the form. The report revealed that on June 24, 2020, nine days after assuming the Postmaster General position, DeJoy had sold his existing Amazon stock, and also exercised a call option¹⁹ to purchase and immediately sell his Amazon stock options. The document also showed that on June 24, 2020, DeJoy sold his UPS holdings in two transactions (Exhibit 4-Attachment 6). [Agent Note: The OIG confirmed that as of June 27, 2020, DeJoy no longer held Amazon or UPS stock.]

Recusal Memoranda and Screening Arrangements

¹⁹ See <https://www.investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-bulletins-63>. *Securities and Exchange Commission guidance explains, "A call option is a contract that gives the buyer the right to buy shares of an underlying stock at the strike price [the price at which the buyer of the option contract may buy the underlying stock, if the option contract is a call] for a specified period of time."*

Based on guidance received from Ethics, DeJoy wrote two memoranda to the Board and Ethics committing to recuse himself from participation in certain matters in which he may have a financial interest, to include XPO Logistics. Further, DeJoy established screening arrangements to ensure compliance with the commitment.

By memorandum dated July 21, 2020, DeJoy provided a list of companies in which he held a financial interest worth more than \$15,000 and he disqualified himself from participating personally or substantially in any particular matter that would have a direct and predictable effect on the financial interests related to XPO Logistics, AT&T Inc., Capital One Financial Corp, CVS Health Corp, Discover Financial Services, Dominion Energy Inc., Honeywell International Inc., IBM, Lockheed Martin, Regions Financial, Travelers Companies, United Health Group, and Verizon Communications. DeJoy indicated that Heather Clarke (Chief of Staff to the Postmaster General) and Elston would screen all matters involving the companies and would forward all such matters to the Postal Service's CEO and Executive Vice President David Williams (Exhibit 4-Attachment 7).

In a memorandum dated August 3, 2020, DeJoy notified Ethics he held a financial interest worth more than \$15,000 in JPMorgan Chase and he disqualified himself from participating personally or substantially in any particular matter that would have a direct and predictable effect on the financial interests of that company. DeJoy indicated that Clarke and Elston were instructed to screen all matters involving JP Morgan Chase and forward all such matters to Williams (Exhibit 4-Attachment 8).

Divestiture

On August 12, 2020, Bonanno indicated in an internal email that DeJoy wanted to move forward with divestiture. In a memorandum dated August 13, 2020, DeJoy notified Ethics that he and the persons holding the property would divest all interest in all common stock and preferred securities (including preferred stock) in the entities listed in an accompanying attachment within 60 days of receipt of the Certificate of Divestiture. DeJoy wrote that he would not participate personally and substantially in any particular matter that to his knowledge would have a direct and predictable effect on the financial interests of the entity until he had divested it (Exhibit 4-Attachments 10 & 11).

On August 14, 2020, Bonanno submitted the Request for a Certificate of Divestiture form to the OGE. The form noted:

[t]he United States Postal Service has substantial contracts or agreements with the companies on the attached listing, such that the Postmaster General might be

required to provide guidance or approval on matters involving these companies. With the understanding that DeJoy would have a conflict of interest if he were to participate personally and substantially in a matter that would have a direct and predictable effect on the financial interests of any of his assets that exceed the \$15,000 de minimus threshold, the Ethics Office determined that the companies on the attached listing are those most likely to cause a conflict for DeJoy. As such, the Ethics Office has asked DeJoy to divest of these assets.

Further, the form noted the date that DeJoy was notified of the requirement to divest first applied on July 21, 2020. XPO Logistics holdings were included in the list of companies (Exhibit 4-Attachment 12).

OIG Investigative Reviews and Interviews

On August 18, 2020, SID spoke with Bonanno and Brewster-Johnson. Bonanno and Brewster-Johnson stated they worked with Elston to address ethics questions that DeJoy had before his acceptance of the position. Brewster-Johnson told SID there was no time limit for resolving conflicts of interest; it was an on-going process. Bonanno stated that DeJoy exercised his Amazon stock options to sell all his holdings and planned to recuse himself regarding the XPO Logistics stocks. According to Ethics, DeJoy was anticipating that his spouse would be confirmed for an ambassadorship and he would need to divest most of his holdings. While waiting on his spouse's confirmation process, Ethics said DeJoy decided to sell a portion of his stocks sooner, instead of waiting, due to the current events. The sold stocks included Amazon and UPS. Bonanno stated there were no ethics policies or regulations prohibiting DeJoy from owning competitors' stock (Exhibit 5).

On August 24, 2020, DeJoy and Board Chairman Robert Duncan testified before the House Committee on Oversight and Reform. DeJoy was questioned about the alleged conflicts of interest, and he stated that he was in "full compliance" with all ethical requirements. DeJoy stated he held a "significant investment" in XPO Logistics which he vetted with Ethics. DeJoy testified he was given specific guidelines he must adhere to and said it was a small part of the Postal Service business. DeJoy said he complied with all ethical requirements and he denied having any meetings with XPO Logistics since he became the Postmaster General. Regarding his Amazon interests, DeJoy stated he was told that he needed to either recuse himself from reviewing several contracts or sell his Amazon stock. DeJoy said he owned Amazon stock and he called his broker at Morgan Stanley and told the broker to sell the stock. DeJoy said he bought covered calls back at a loss. DeJoy said that was the process he went through to get out of the stock, he had to "unwind the covered calls." DeJoy said he paid more money for the calls than he sold them for (Exhibit 6).

As a presidential nominee, Dr. Vos had also submitted an OGE 278e in October 2019. On August 30, 2020, SID obtained the OGE 278e completed by DeJoy's wife, Dr. Vos.

(b)(6); (b)(7)(C)

On September 2, 2020, DeJoy voluntarily consented to and authorized release of financial statements to the OIG from three of his investment firms: (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) Morgan Stanley, and (b)(6); (b)(7)(C) LLC. [Agent Note: For privacy concerns, these documents are not included in this report.]

On September 17, 2020, September 21, 2020, and September 24, 2020, SID spoke with (b)(6); (b)(7)(C) provided documentation from eight accounts associated with the Louis DeJoy Family Partnership LLC, Louis DeJoy Revocable Trust, and Sandy Point Investments, LLC. (b)(6); (b)(7)(C) thought DeJoy called a (b)(6); (b)(7)(C) broker on June 24, 2020, to place stock restrictions on Amazon, UPS, and FedEx. (b)(6); (b)(7)(C) advised that no Amazon stocks were listed toward the end of the June statement for the account ending in (b)(6); (b)(7)(C) (Bates #277). This meant that after the sale of DeJoy's Amazon shares, DeJoy no longer held Amazon stock in that account. (b)(6); (b)(7)(C) said that DeJoy bought back a call on Amazon to get rid of that call (Bates #286). (b)(6); (b)(7)(C) said the stock restrictions were in discretionary accounts, meaning the broker could make choices on investments without first seeking DeJoy's approval.

SID was informed the Family Foundation had approximately 12 additional accounts with (b)(6); (b)(7)(C). One of the accounts (ending in (b)(6); (b)(7)(C)) was non-discretionary, meaning DeJoy must approve all purchases before they were made. (b)(6); (b)(7)(C) said DeJoy had signature authority over the accounts and DeJoy told (b)(6); (b)(7)(C) he did not receive an economic benefit from the Family Foundation. SID, in consultation with the OIG's Office of General Counsel, determined that DeJoy's investment authority in the (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) non-discretionary account created a potential conflict if not remedied. Because this was a non-discretionary account over which DeJoy had investment authority, DeJoy would not have been able to claim the exemption for non-profit organizations, 5 C.F.R. § 2640.202(e). [Agent Note: The non-discretionary account contained stock in XPO Logistics.] (Exhibits 8 to 10).

On September 18, 2020, SID spoke with (b)(6), (b)(7)(C) and Financial Advisor (b)(6), (b)(7)(C) and Senior Vice President (b)(6), (b)(7)(C). (b)(6), (b)(7)(C) SID was informed that on September 2, 2014, DeJoy sold his New Bridge Logistics stocks and there were no remaining equities. (b)(6), (b)(7)(C) said the accounts were comprised of fixed income instruments and (b)(6), (b)(7)(C) had no authority to buy stocks on DeJoy's behalf. (b)(6), (b)(7)(C) stated Clarke (DeJoy's assistant) contacted (b)(6), (b)(7)(C) around the time when DeJoy was announced as the Postmaster General. Clarke asked (b)(6), (b)(7)(C) to block the purchase of any stocks in the transportation and logistics sector in DeJoy's accounts. (b)(6), (b)(7)(C) held accounts for LBJ Global Strategies, LLC, Louis DeJoy Family Partnership LLC, and Louis DeJoy Revocable Trust. One additional Family Foundation account was identified as non-discretionary, but (b)(6), (b)(7)(C) reported it held no securities and consisted of treasury bills and money market investments (Exhibit 11).

On September 18, 2020, SID spoke with (b)(6), (b)(7)(C) LLC (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) said that (b)(6), (b)(7)(C) made all investment decisions for DeJoy's accounts. DeJoy did not know which companies (b)(6), (b)(7)(C) invested with until he received account statements or quarterly reports. The investigation found DeJoy had a small investment and owned less than 1% of the funds. The funds are comprised of global private equity investments (Exhibit 12).

On September 24, 2020, SID spoke with Clarke who said she contacted (b)(6), (b)(7)(C) around May or June 2020, before DeJoy became the Postmaster General. Clarke told (b)(6), (b)(7)(C) to be mindful not to purchase stocks in the transportation and logistics sector. DeJoy called and spoke with (b)(6), (b)(7)(C) around June 2020, after he became the Postmaster General. DeJoy gave specific direction to (b)(6), (b)(7)(C) to not buy any stock for Amazon, UPS, or FedEx. Clarke said that DeJoy provided his recusal memorandum dated July 21, 2020, that was written to Postal Service Ethics, to (b)(6), (b)(7)(C) in July 2020. The memorandum related to 13 companies and DeJoy told (b)(6), (b)(7)(C) not to buy any more stock for those specific companies. Clarke was asked about the Family Foundation and she acknowledged involvement with it, but she said the Family Foundation's assets did not have to be reported per Ethics' guidance. Clarke advised that she did not help complete DeJoy's OGE 278e or 278-T forms. Clarke was asked about the status of the Request for Certificate of Divestiture with OGE. Clarke said that Brewster-Johnson called DeJoy with questions about it and they have been working to resolve issues with her (Exhibit 13).

On September 24, 2020, SID spoke with Bonanno about the Family Foundation account holdings. Bonanno said she advised DeJoy he did not need to report or disclose the account holdings for the Family Foundation accounts because it was a non-profit foundation and (b)(6), (b)(7)(C) controlled or directed the investments instead of DeJoy. Bonanno gave DeJoy this advice when he completed his OGE 278e and again within

the last week when this issue resurfaced. SID advised Bonanno it learned that there was one non-discretionary account (ending in (b)(6)). Bonanno indicated she would follow-up with DeJoy (Exhibit 14).

On October 7, 2020, the OIG analyzed information obtained from DeJoy's brokerage firms and found that DeJoy appeared to be following the guidance given by Ethics (Exhibit 15).

On October 8, 2020, Bonanno issued an ethics guidance memorandum to DeJoy about whether an employee who relinquished the ability to make investment decisions for a nonprofit organization would qualify for the regulatory exemption (5 C.F.R. § 2640.202(e)) to the financial conflicts of interest statute (18 U.S.C. § 208). Bonanno advised the answer was yes. In the analysis, Bonanno outlined the five elements for the exemption to apply. Bonanno noted that DeJoy would satisfy the fourth element of the exemption going forward if he played no role in making investment decisions for the Family Foundation. Further, if DeJoy relinquished the ability to make decisions for a non-discretionary account, then the Family Foundation's financial interests would meet the fourth element. Bonanno advised DeJoy that the OGE requested a letter from DeJoy and the Family Foundation confirming that all elements of the exemption were satisfied. Bonanno provided a draft letter for DeJoy to sign. [Agent Note: Ethics is responsible for ensuring receipt of the signed letter from DeJoy.] (Exhibit 16).

Bonanno advised SID that the OGE would be willing to issue a Certificate of Divestiture for DeJoy's XPO Logistics stocks, while the other outstanding issues were still being resolved with the remaining assets on the Certificate of Divestiture. She said OGE also

(b)(5); (b)(7)(C)

(b)(5); (b)(7)(C)

(Exhibit 16).

On October 9, 2020, and October 14, 2020, the OGE issued two Certificates of Divestiture to DeJoy for various holdings, to include: XPO Logistics, AT&T Inc., Capital One Financial, CVS Health, Discover Financial Services, Dominion Energy Inc., Honeywell International Inc., IBM Corporation, JP Morgan Chase & Company, Lockheed Martin Corporation, Microsoft, Regions Financial Corporation, Verizon Communications, Clearfork Capital LLC, and Exchange Place, Goldman Sachs. [Agent Note: The OGE Certificates did not include XPO Logistics assets held by the Family Foundation accounts.] (Exhibit 17).

On October 20, 2020, and October 21, 2020, (b)(6) informed SID that the Family Foundation held 12 accounts with (b)(6); (b)(7)(C). On October 15, 2020, (b)(6); (b)(7)(C) provided the bank statements and trade confirmations related to the accounts.

Ten (10) accounts were discretionary, meaning (b)(6); (b)(7)(C) held the investment decisions for them and did not require DeJoy's approval. One discretionary account (ending in (b)(6); (b)(7)(C)) held a small percentage of XPO shares that (b)(6); (b)(7)(C) said were bought in late 2018 by a (b)(6); (b)(7)(C) manager. No instruction was given by DeJoy to buy the XPO shares. (b)(6); (b)(7)(C) also provided documents related to the one account (ending in (b)(6); (b)(7)(C)) that was non-discretionary. (b)(6); (b)(7)(C) said another account (ending in (b)(6); (b)(7)(C)) was also identified as non-discretionary, but SID was informed the account never held any assets and was dormant (Exhibit 18).

On October 28, 2020, SID spoke with the Bonanno and Brewster-Johnson. Bonanno said she initially spoke with Elston about the Family Foundation, not DeJoy. DeJoy had general questions about limitations related to the Family Foundation and Bonanno researched and found that it was a tax-exempt organization. Bonanno opined that if DeJoy held no investment decision in Family Foundation's portfolio, then he did not need to report or disclose the Family Foundation assets. Brewster-Johnson said they were always under the impression that DeJoy held no investment control over the Family Foundation, and Brewster-Johnson opined that the Family Foundation met the exemption from reporting (Exhibit 19).

Bonanno first learned that DeJoy had investment control for the Family Foundation's (b)(6); (b)(7)(C) account (ending in (b)(6); (b)(7)(C)) during a discussion with SID. Bonanno determined the (b)(6); (b)(7)(C) account was subject to a conflict of interest analysis. After the analysis, DeJoy decided to have (b)(6); (b)(7)(C) change the status of the account ending in (b)(6); (b)(7)(C) to be discretionary. (Exhibit 19).

When asked if they considered the appearance issues with the Family Foundation maintaining XPO stock, even under the exemption status, Bonanno said the appearance topic was discussed in the annual ethics training with DeJoy. (Exhibit 19).

On November 2, 2020, SID obtained email correspondence between Ethics and the OGE. The information showed that on October 8, 2020, (b)(5); (b)(7)(C)

(b)(5); (b)(7)(C)

(b)(5); (b)(7)(C) OGE's (b)(6); (b)(7)(C) wrote;

(b)(5); (b)(7)(C)

(b)(5); (b)(7)(C) (Exhibit 20).

On November 2, 2020, November 3, 2020, and November 19, 2020, Ethics informed SID that once the ethics letter concerning the Family Foundation was signed by DeJoy, the Family Foundation's investments would be subject to the non-profit organization exemption. DeJoy was expected to sign the letter once the Family Foundation accounts were managed by a third party. DeJoy advised Ethics that he would relinquish control over all non-discretionary Family Foundation accounts and those accounts would be discretionary moving forward. These actions would be necessary for the exemption to apply (Exhibits 21 to 23).

DeJoy's signature on the ethics letter regarding the Family Foundation and the hiring of a financial manager for the Family Foundation account(s) are pending. Once these steps are completed, DeJoy should be in compliance with federal ethics regulations.

The Certificates of Divestiture issued to DeJoy remain in effect for 60 days from date of issuance, and are valid through December 9, 2020, and December 15, 2020. Verification of DeJoy's divestiture is Ethics' responsibility.

In summary, the investigation determined that DeJoy appeared to be following guidance and advice given by Ethics to comply with the financial disclosure rules. The OIG found DeJoy provided notifications of recusal, set up screening arrangements, and requested divestiture of certain assets and holdings likely to cause a conflict for him while serving as the Postmaster General.

This report is being referred to the Board as information only.

V. EXHIBITS

1. Congressional Letter, dated August 7, 2020
2. Memorandum of Activity, Official Personnel Folder Information, dated September 9, 2020
3. Memorandum of Activity, Initial Questions, dated November 10, 2020
4. Memorandum of Activity, Information from Postal Service Ethics, dated August 26, 2020
5. Memorandum of Interview, Postal Service Ethics Officials, dated August 26, 2020 (redacted)
6. Memorandum of Activity, Congressional Testimony, dated September 2, 2020
7. Memorandum of Activity, Dr. Wos' OGE Information, dated August 31, 2020
8. Memorandum of Activity, (b)(6); (b)(7)(C) dated September 17, 2020

9. Memorandum of Activity, (b)(6); (b)(7)(C) dated September 22, 2020
10. Memorandum of Activity, (b)(6); (b)(7)(C) dated September 24, 2020
11. Memorandum of Activity, (b)(6); (b)(7)(C) dated September 18, 2020
12. Memorandum of Activity, (b)(6); (b)(7)(C) LLC, dated September 21, 2020
13. Memorandum of Interview, Heather Clarke, dated September 24, 2020
14. Memorandum of Activity, Natalie Bonanno, dated September 25, 2020
15. Memorandum of Activity, RISC Analysis, dated October 7, 2020, and October 27, 2020- Attachments include Potential Conflict Analysis Summary tab only (redacted)
16. Memorandum of Activity, Information from Postal Service Ethics, dated November 5, 2020
17. Memorandum of Activity, OGE Certificate of Divestitures, dated October 19, 2020
18. Memorandum of Activity, (b)(6); (b)(7)(C) dated October 20, 2020, and October 21, 2020
19. Memorandum of Interview, Postal Service Ethics Officials, October 28, 2020
20. Memorandum of Activity, Information from Postal Service Ethics, November 2, 2020
21. Memorandum of Activity, Information from Postal Service Ethics, November 2, 2020
22. Memorandum of Activity, Information from Postal Service Ethics, November 3, 2020
23. Memorandum of Activity, Information from Postal Service Ethics, November 19, 2020